

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 129 - SB 146**

February 2, 2023

**SUMMARY OF BILL:** Removes a promissory note as an authorized form of collateral for a deposit made by a local governmental entity (LGE) in excess of federal deposit insurance corporation (FDIC) limits.

**FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- Pursuant to Tenn. Code Ann. § 9-1-107(a):
  - An LGE may deposit and invest funds in federal savings banks, whose deposits are FDIC insured; and
  - Deposits in excess of the FDIC limits may be deposited if the collateral for those deposits is in the form of securities such as cash, an irrevocable letter of credit, or a promissory note secured by a mortgage or deed for residential property located in Tennessee.
- The proposed legislation removes a promissory note as a form of such collateral and deletes all references to a promissory note within Tenn. Code Ann. § 9-1-107.
- Allowing promissory notes as collateral is an antiquated practice that is no longer utilized. Deauthorizing a promissory note as a form of collateral will not affect the amount of funds LGEs choose to deposit.
- LGEs will be able to replace any existing promissory notes with another authorized form of collateral, resulting in no significant fiscal impact to local government.

**IMPACT TO COMMERCE:**

**NOT SIGNIFICANT**

Assumptions:

- Deauthorizing a promissory note as a form of collateral will not impact the amount of funds LGEs choose to deposit in federal savings banks.
- The proposed legislation will have no significant impact on commerce or jobs in Tennessee.

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**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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